

Message Text

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PAGE 01 CAIRO 20210 030906Z
ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 EB-08 L-03 AGRE-00 COME-00
TRSE-00 OMB-01 /082 W
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R 311620Z AUG 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 3336

UNCLAS CAIRO 20210

C O R R E C T E D C O P Y (TEXT - PARA 2 LINE 3 AND PARA 4 LINE 1)

DEPT PASS USDA/OGSM/POD

E.O. 11652: N/A
TAGS: EAGR EAID EG US
SUBJECT: PILLSBURY AND TITLE I PL-480 WHEATFLOUR CONDITION
- DISPUTE
REF: (A) CAIRO 19780, (B) CAIRO 19924

1. ACTING AGATTACHE VISITED WITH MR. EL SAADANI, GENERAL COUNSEL, ESTRAM, REGARDING SUBJECT DISPUTE ON AUGUST 31. ESTRAM'S BASIC POSITION IS THAT GOE AS RECEIVER SHOULD NOT BEAR EXPENSES CAUSED BY INFESTED FLOUR. SAADANI CONTENDS THAT EITHER THE SUPPLIER OR THE VESSEL IS RESPONSIBLE.

2. SAADANI SAID ESTRAM WILLING TO ACCEPT POINTS A AND B OF LENKER PROPOSAL (REFTEL A, PARA 4A, 4B), TO RELEASE PERFORMANCE BOND (\$489,436) AND TO PAY REST OF \$200,000 IF PILLSBURY WOULD OPEN \$125,000 BANK ACCOUNT IN THE NAME OF ESTRAM PENDING OUTCOME OF ARBITRATION BETWEEN PILLSBURY AND VESSEL OVER DEMURRAGE CHARGES (\$125,000). ESTRAM WOULD AUTHORIZE PILLSBURY TO GO TO ARBITRATION AGAINST THE VESSEL'S OWNERS OVER DEMURRAGE CHARGES. ESTRAM WOULD COOPERATE WITH PILLSBURY IN
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ARBITRATION PROVIDED ALL EXPENSES AND RISKS WILL BE RESPONSIBILITY OF PILLSBURY. PILLSBURY WOULD PAY ALL EXPENSES AND BE RESPONSIBLE FOR DEMURRAGE PAYMENT IF THE ARBITRATORS' AWARD WAS AGAINST ESTRAM.

3. MR. SAMIR SAMY OF ARAB FOREIGN TRADE COMPANY (PILLSBURY REPRESENTATIVE) ALSO CONTACTED ACTING

AGATTACHE AUGUST 31 REGARDING PILLSBURY SITUATION. HE SAID HE HAD NOT COMPLETED ANALYSIS OF DEMURRAGE CHARGES. HOWEVER, HE BELIEVED THAT NORMAL DEMURRAGE CHARGES (DELAYS NOT CAUSED BY FLOUR CONDITION) WOULD NOT BE MORE THAN \$40,000. HE INDICATED THAT HE WOULD RECOMMEND THAT PILLSBURY PAY \$80,000 DEMURRAGE (DELAYS CAUSED BY FLOUR CONDITION) AS PROPOSED BY ESTRAM (REFTEL A, PARA 5). HE WAS CONCERNED THAT ESTRAM'S POSITION WAS HARDENING. IF PILLSBURY ACCEPTS SAMY'S RECOMMENDATION, SOLUTION TO PROBLEM SHOULD BE WITHIN SIGHT.

4. NOTE: BECAUSE OF RAMADAN BAIRAM FEAST IT WILL BE ALMOST IMPOSSIBLE TO CONTACT GOE OFFICIALS NEXT WEEK. HENCE WE EXPECT TO LEARN VERY LITTLE MORE ABOUT SITUATION UNTIL SOMETIME AFTER SEPTEMBER 10. MATTHEWS

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Message Attributes

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